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August 27, 1997



Chairman Reed E. Hundt  
Federal Communications Commission  
1919 M Street, N.W., Room 814  
Washington, D.C. 20554

Re: Personal Communications Services  
Designated Entity Restructuring

Dear Chairman Hundt:

On behalf of CONXUS, Inc. ("CONXUS") we write to you with respect to the referenced matter.

As you know, CONXUS is one of only a handful of bona fide Designated Entity ("DE") narrowband PCS licensees. CONXUS is both a small business and a minority controlled business, all as defined by the Commission's rules. CONXUS has 50/50 KHz authorizations in each of the Commission's five regional narrowband markets, and thus has a nationwide presence. CONXUS is utilizing the installment payment option set forth in the Commission's rules. The monies that CONXUS has agreed to pay to the federal government is greater than that owed by the vast majority of C Block licensees.

CONXUS has been monitoring closely ongoing developments in the FCC's consideration of restructuring broadband PCS payment obligations for C block and F block licensees. To date, CONXUS has refrained from complicating matters by presenting extensive argument on the public interest benefit of restructuring. Instead, it has asked that only narrowband PCS licensees receive the same treatment as their broadband counterparts. CONXUS has made these equality arguments principally because it competes head on, for both capital and customers, with C Block licensees. Unfortunately, as set forth below in great detail, this seemingly self-evident proposition now appears to be in jeopardy.

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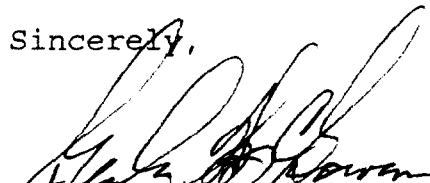
Recently, we have come to understand that the Commission is contemplating a complicated restructuring strategy that would provide broadband licensees with an option to turn back certain of their spectrum in return for a pro rata reduction in the debt owed to the government. There are a multitude of other potential adjuncts to this "amnesty" option, but at its core spectrum is to be divided, and debt is reduced. For the reasons set forth below, CONXUS urges the Commission not to limit its PCS restructuring efforts to ones, such as the above plan, that do not permit narrowband DEs, such as CONXUS, to receive benefits comparable to that accorded to broadband licensees.

The amnesty-type restructuring program discussed above is simply not feasible for narrowband licensees such as CONXUS for several reasons. First and foremost, the spectrum that we have bought from the Commission does not include sufficient bandwidth to permit disaggregation and still meet CONXUS's well-developed business strategies. Similarly, CONXUS cannot partition its overall authorizations and still provide the nationwide service that its customers demand. In addition, consistent with prior Commission urgings, CONXUS has taken major steps to develop product and move to market; all such efforts effectively prevent CONXUS from taking advantage of any amnesty-type offering. Moreover, were the Commission to offer only some form of amnesty as a restructuring option, such offerings would undermine entirely the Commission's well-conceived spectrum allocation strategy aimed at providing narrowband licensees with a host of spectrum options, thus enabling them to provide a wide array of service offerings.

In view of the above, CONXUS urges the Commission to adopt DE restructuring options that are fair to all licensees. An amnesty plan can only justifiably be one of several options available to DEs. At the very least (1) re-calendarling of payback obligations and (2) debt discount with a corresponding private refinancing, should also be available.

In the event that you have any questions regarding this matter, kindly communicate directly with the undersigned.

Sincerely,



Gerald S. McGowan

cc: Blair Levin, Esquire  
Jon Garcia, Esquire  
GSM:jmm